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After comparing and critiquing the contributions of six papers on organizational effectiveness within a perspective framework, this paper suggests what organizational behavior can offer in the way of theory and application to the study of organizational effectiveness. Strategies/ideas for the improvement of effectiveness are outlined that can be applied to the individual or generalized to larger units/groups.

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ORGANIZATIONAL EFFECTIVENESS AND ORGANIZATIONAL BEHAVIOR: A CRITICAL PERSPECTIVE[1]

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Technical Report Number 1-1-7

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[1] This paper also contrasts and critiques six perspectives offered by Professors Nord, Starbuck and Nystrom, Seashore, Weick and Daft, Schneider, and Goodman.

This chapter aims toward two purposes. First, the contributions of Seashore, Nord, Weick and Daft, Goodman, Schneider, and Starbuck and Nystrom are compared and critiqued through the application of an integrating framework. Second, prescriptions are offered for enhancing effectiveness through the application of selected constructs and findings from organizational behavior.

Comparing, Critiquing, and Integrating the Perspectives

The framework depicted in Figure 1 will be used to compare and integrate the six perspectives offered in this chapter.

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Insert Figure 1 here.

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First, the dimensions of the figure will be explained and then the six perspectives will be positioned within the figure, allowing comparison and critiquing of the perspectives to facilitate integration. Integration is here defined as arraying the perspectives to highlight their similarities and differences and, most importantly, to note the gaps left by the perspectives in aggregate. As we shall see, the major issues and dimensions of effectiveness are left untouched by the perspectives when considered jointly.

The clearest dimension upon which to describe perspectives on organizational effectiveness focuses upon the level of analysis assumed to be central in the understanding of effectiveness. Four such levels seem to cover the domain. These are arrayed on the vertical axis of Figure 1, ranging from most micro (i.e., individual) to most macro (i.e., societal). The central issues confronted by this dimension are:

1. What level of analysis serves to dominate the descriptive statements of the perspective in question, and

2. What level of analysis is assumed to be subject to change if one is to take the perspective seriously as a normative model for enhancing effectiveness.

These two components are, in the case of each perspective, isomorphic; that is, description and prescription utilize the same level of analysis within each perspective.

The horizontal axis depicts a dimension of more subtlety and ambiguity. Yet it is central to understanding the contrasts, and even incompatabilities, among the six perspectives. The essence of this dimension centers on the nature of the processes assumed to be driving units (whether individual, social, organizational, or societal) toward enhanced effectiveness.

The framework allows for a contrast between rational and nonlinear (or nonrational) processes. Rational processes assume that units, at whatever level of analysis, are capable of being managed via a priori goals, systematic forecasting, and planning and control systems that emanate from the logical structure of goals and plans. Rational perspectives assume that systems are self-correcting over time through either closed system logics or open system adaptations to and impacts upon environments. Nonlinear (or nonrational) processes operate to create a posteriori explanations and rationality. Planning and goal-oriented action have little meaning. These are fictions serving the

useful purposes of allowing the imagery of rationality, effectance, and managerial efficacy. Organizational (or unit) effectiveness becomes a "summing up", an "understanding of the past", an "interpretation". Managerial processes are viable in such a perspective. But they are aimed not at creating effectiveness but at creating meaning from randomness, from confusion, and from complexity. Management becomes the process of establishing, defining, interpreting, and reinforcing symbols (Pfeffer, 1981).

Nord's analysis, while rejectionist in that it negates the centrality of capitalist notions of effectiveness criteria, is based on rational assumptions. That is, societies can be (and should be) defined and created which will rationally pursue the goals of their members. Objectivity, purpose, planning, feedback, governance, and control each have meaning as a priori constructs in Nord's perspective.

Nord makes a major point of critiquing what he refers to as micro-quality indicators of effectiveness as insufficient, perhaps even misleading, as assessments of organizational effectiveness. After pointing to several problems with the micro-quality approach, Nord argues for assessing macro quality indicators by focusing on the effectiveness of populations of organizations in providing economic welfare. Nord never goes the next step needed to give us confidence in the advantages of this macro approach for purposes of the scientific study of effectiveness. That is, he does not show how defining and assessing macro-quality (through the construct he labels "families of organizations") will be any easier and less subject to the constraints mentioned for the

micro case. The complexities and problems of construct validation, measurement, and evaluation would, in fact, seem to be even greater for the macro-level outcomes suggested by Nord. Reflect for a moment on the complex dimensionality, inconsistencies, and multiple meanings of the consequences suggested by Nord as indicators of macro quality; e.g.,:

> The nature of the criteria used in evaluating social choice, the role of government, the creation of a suitable work force, the nature of the governance process, and of the 'possible' governance process in society.

But Nord's perspective in the analysis is not intended as an alternative scheme for scientific analysis. It is, rather, a political and normative call for change. At times, unfortunately, it is a biased call. This is most clear in Nord's condemnation of business organizations as constraining democratic values.

> In our terms, at least under present arrangements, micro-effectiveness by individual organizations constrains the democratic process of governance.

Nord quotes Lindblom in support:

> The large corporation fits oddly into democratic theory and vision. Indeed, it does not fit.

The bias is indeed evident. If there is a villain, it is less likely to be business organizations than <u>large</u> organizations of a bureaucratic nature irregardless of their economic, political or social roles. In fact, in many large business organizations, democracy is richer, more fully articulated than in other societal elements. Many mechanisms of democratic influence are most fully exemplified in private sector organizations; e.g., employee ownership, quality of work life, workers'

participation, collective bargaining, and union grievance procedures. The relative and actual (versus theoretical) democratization of business organizations can be seen by merely noting the low participation of the citizenry in the political processes (campaigns, elections) of governmental units even when given the opportunity to reinforce and exercise democratic processes.

Starbuck and Nystrom's perspective is the most rational of the six. It borders on the mechanistic--even sterile. The processes for optimization are straightforward and center on organizational design and strategies of decentralization and delegation. Their analysis is an attempt to create a contemporary version of the early 1900's functional and process approach to managerial action. Each aberration deriving from human individual differences within the organization is maleable to managerial logic and intervention. Objective functions are assumed to be the basis for management's influence attempts, and the less influential are assumed to be persuasable. Why? Because they are logical in process and are capable of seeing their best interests as compatible, even facilitative, with organizational, a priori, mission and logic.

There is little new in the Starbuck and Nystrom analysis. Add the management principles of delegation, decentralization, and commensurate authority and responsibility of 50 years ago plus a restatement of constraints on maximization and optimization models (c.f., behavioral decision theory of 20 years ago) plus a few principles of organizational change developed a decade ago and you have old wine in middle-aged bottles.

Beneath Seashore's focus on constituents and external control of goals and resources, his framework centers on the ability of a social system's management to identify, co-opt, and manage these dependencies. The emphasis is again upon the rational, a priori, linear nature of these processes aimed at effectiveness.

> Systemic integrity must exist in sufficient degree of balance among the component factors; goals must be attained to some sufficient degree . . .; decision and control processes must be sufficiently appropriate and workable to deal with the problems relating to goal structure, systemic maintenance and the maintenance of a sufficiently efficient goal-oriented input-through (out) [sic]-output system.

The reason Seashore can claim to have captured the integration of the natural system model, the goal model, and the decision process model of effectiveness is because he has centered his integration on the two features shared by the three models; namely, the assumption of organizational rationality and the assumption of internal (as in the goal and decision process models) or external (as in the natural system model) dependencies. Beyond those commonalities, Seashore has captured little that is new. He has offered an alternative language for describing the intersection of the three models. Seashore's perspective provides this integration by focusing on the functioning of the internal social system of an organization. It is this patterned interaction of the organization's members which achieves the co-optation of constituencies and provides the guidance necessary for effectiveness. The organization is seen as the context, not the unit, of analysis for understanding this internal social system.

Schneider has offered a rich, rational model at the individual level. While he explicitly advocates an interactionist perspective (between persons and situations), it is the individual's understanding of the settings that provides the E in the famous B = P x E paradigm. The individual dominates both the P and the interpretation and meaning of the E in explaining and modifying behaviors such as effectiveness. As Schneider says:

> . . . The central issues in organizational effectiveness are attraction, selection, attrition, and the nature of organizational goals.

Each of these four constructs are assumed to be subject to choice, rational planning, systematic assessment, and corrective action if needed in the pursuit of effectiveness. While goals are not assumed to be uniformly influential over the course of an organization's development, they are constructs which are preplanned, which are real (i.e., take objective, recognizable forms) and which drive the initial actions of an organization's founders and early leaders. Central to Schneider's concept of organizational effectiveness is the implicit assumption that organizations are <u>capable</u> of peering into the future, forecasting and rationally anticipating through planned actions the events of the future:

> In this vien, it was explicitly recommended that organizational effectiveness be defined as the investments an organization makes in constantly assessing its future requirements for viability.

But Weick and Daft and Goodman are not to be ignored. Theirs is a different perspective. Another dimension along which the perspectives on effectiveness can be compared is the degree to which the perspective

presents organizational effectiveness as a definitional or conceptual problem of construct validation (Schwab, 1980). The perspectives reviewed to this point perceive that issue as relatively secondary to an analysis of the means-ends chains to achieve effectiveness at some level of analysis.

Weick and Daft and Goodman, from quite different perspectives, focus upon effectiveness as an issue of construct meaning and tractability to research endeavors. Weick and Daft are our only representative among the six contributions to the nonrational, enactment theme on effectiveness. It is not that effectiveness is an unimportant construct; rather it is one which has little or no meaning a priori. Given that organizations are, above all else, norm-defining and interpreting systems, effectiveness then becomes a construct to be defined and redefined continuously through processes of the management of symbols and negotiation among alternative-meaning systems. To posit a priori goal statements, objective functions, and systematic planning systems is to miss the point. Effectiveness cannot be so posited before action. Rather, it is an emergent concept which yields multiple uses well beyond the assessment of an organization's performance. That is, effectiveness becomes a construct through which meanings and interpretations of an organization's actions are possible.

Finally, Goodman is essentially arguing that the construct of organizational effectiveness cannot be placed within the matrix of Figure 1 because it, as a construct, is not amenable to scientific discussion and research. Organizational effectiveness is not an issue

capable of being subjected to systematic analysis. The argument is essentially two-fold, with only half of the potency of the assertion being given due emphasis by Goodman. The first, and primary, argument of Goodman is that organizational effectiveness as a construct is too broad, too macro, too complex to be fruitfully understood as a scientific construct. To quote:

> . . . focus (should be) on an in-depth micro study of a particular indicator such as mortality, productivity . . . not on the overall effectiveness of some organization. We advocate such fine-grained analyses of particular indicators, together with documenting the critical determinants, processes, and constraints that explain variation in that variable.

The second twist on the construct provided by Goodman is the novel and highly practical emphasis on indicators of effectiveness that (a) have been shown to be under the control of identifiable determinants and (b) that are under the control of those determinants that are endogenous within a micro model. In Goodman's words:

> We cannot interpret variations of . . . a measure of OE until we understand the controllable and uncontrollable variables that affect this dimension.

Combining these two thrusts leads Goodman to quite the reverse position of Seashore, Nord, and Starbuck and Nystrom with their emphasis on more macro designs for understanding and enhancing effectiveness. To quote Goodman again:

> We believe that developing carefully specified theoretical models for a single indicator (emphasis added) and developing the data sets to test these models is a major research task, particularly at the organizational unit of analysis.

Clearly, Goodman, like Campbell (1977) before, is calling for just good,

old-fashioned but infrequently practiced hard work aimed toward construct validation (Schwab, 1980; Schwab and Cummings, 1970). Equally as clear is that Goodman is arguing that this should precede attempts at grand theorizing about system-wide, macro models of effectiveness. In a concluding and stinging implicit criticism of the perspectives of Nord, Seashore, Starbuck and Nystrom, Weick and Daft, and even of Schneider to some degree, Goodman concludes:

> . . . It is only when we generate a cumulative series of <u>fine-grained analyses about a specific indicator</u> (emphasis added) will we be in a position to offer generalizations . . .

So, what emerges from this analysis of the six perspectives? The field or study of organizational effectiveness is an arena for intellectual self-indulgence, for the expression of personal streams of consciousness, frequently in the absence of systematic application of the traditional canons of scientific logic and construct development. Perhaps this is one of the reasons the study of organizational effectiveness has drawn the attention of such a diverse array of perspectives and postures. To that extent, the absence of a limiting set of epistemological assumptions and rules of scientific logic and discourse is to be applauded. Creativity has not been constrained. Yet, the study of organizational effectiveness, as reflected in the perspectives included in this volume, remains largely embedded in logical, rational, goal-oriented, a priori models. There is only a single entry in the right column of Figure 1.

Is the malady one of insufficient attention to the basic canons of systematic, deductive theory development followed by careful construct

validation and programmatic research? Or is it one of unimaginative, overly rational, constrained conceptualizations of effectiveness both as an outcome and as a process construct?

Organizational Effectiveness Issues and Prescriptions from Organizational Behavior

All the inconsistencies, ambiguities, and even cynicisms of the study of O.E. aside, what does organizational behavior have to offer organizational effectiveness as a theoretical and applied issue. If one were forced (or positively stimulated) to improve the effectiveness of a unit (individual, group, or organizational) and had only O.B. as an available tool, what could one say. The following is a personal statement to that end. It is not intended as an assertion about or reflecting all of O.B.[1]

The most fruitful route to the challenge of organizational effectiveness is to select a perspective on effectiveness and its causes that is fundamental, basic, and central to a variety of approaches to enhancing effectiveness. The definitional implications of this perspective can then be drawn and prescriptions can be presented concerning decision systems and managerial strategies that would enhance effectiveness, given this perspective.

Basic Issues

Any approach to effectiveness would be profited by asking and answering the following questions.[2] Each question will be followed

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[1]One would have to be both naive and ultra picky to assume that the statement is so intended. Unfortunately, such is occasionally the case among academics.

[2]These questions are an adaptation of those presented by Kim Cameron in his perspective on the issue of organizational effectiveness (see Kim Cameron, "The Enigma of Organizational Effectiveness," to appear in Dan Baugher (Ed.), New Directions in Program Evaluation: Measuring Effectiveness). Professor Cameron deserves no part of the blame for the answers, however.

by an answer, the <u>sum of such answers</u> representing a unified perspective toward effectiveness.

1. Within what arena of an organization's activity is effectiveness being assessed and pursued? What service, product market, clientele is being considered? <u>Answer</u>: The opportunities provided by an organization to those who are dependent upon it. That is, the effectiveness of any unit is best assessed through the number and quality of opportunities provided by that unit <u>to</u> those who are dependent upon it. This standard, when applied fully and equitably, leads to outcomes that are incorporated into many and diverse models of effectiveness. These outcomes include <u>sustained</u> power and control over resources, continued involvement of participants (within organizations, given an organizational perspective), sustained productivity of those on whom the unit is dependent and humaneness in the unit's relations with others. The distribution and quality of opportunities, <u>given</u> the goals of the dependent units, become the arena within which effectiveness is to be assessed.

2. Within that arena, whose perspective is being assumed when assessing and pursuing effectiveness? <u>Answer</u>: The perspective of organizational members, in proportion to their investment in the organization.

Clearly, those with greater inputs (experience, effort, performance, and ownership) expect greater influence in defining and assessing effectiveness. Investment is conceived of as both psychological (e.g., commitment as an attitude) and behavioral (e.g., actual effort and performance). When this perspective is not taken, the basis for organizational cohesion and integration deteriorates (Martin, 1981; Dachler and Wilpert, 1978).

3. At what level of analysis (aggregation) is this perspective to be viewed in this assessment and pursuit (individuals, group, organizational, societal, across-societal collectivities like OPEC, Common Market, Warsaw Pact, etc.)?

   Answer: The individual is the fundamental building block and the fundamental determinant of effectiveness. Even the most macro perspectives on effectiveness are dependent upon and operate through the individual. Clearly, the perspectives of Seashore, Schneider, and Weick and Daft, as reflected in this book, make no sense without this premise. The individual is the building block for higher level models of aggregative criterion functions.

4. Within what time frame is effectiveness to be pursued and assessed (long-range or short-range)? While

frequently cited as important, the nontriviality of the question makes the tenuous assumption of a causal model that specifies linkages among determinants and consequences of effectiveness over time.

Answer: The short-run is the necessary, but perhaps not sufficient, perspective. Why? (a) Most individuals will not invest efforts that span beyond their usual time horizon (e.g., one week or one month and only very infrequently one year or beyond). Thus, results must begin to appear within this time horizon or effort and application of ability will decline. Furthermore, given the importance of a person's immediate time perspective and the shifts in this perspective throughout the life cycle (Katz, 1980; Levinson, 1978), an analysis of effectiveness must hinge upon understanding the individual's present time perspective. This is usually, except in periods of life transitions, short-range. (b) The assessment of long-term effectiveness is so confounded by technological, environmental, and organizational changes as to make long-run assessment of questionable meaningfulness. Of course, this is one basis for the unrealistically pessimistic perspective toward effectiveness taken by Goodman in this volume. It is possible to assess the long-run effectiveness of a unit a posteriori.

On the other hand, developing and applying causal models of long-run effectiveness are fictitious. If asked, units can generate justifications suggesting the existence and operation of long-range plans for enhancing effectiveness. These are, however, best thought of as rationalizations (Staw, 1980). The action, the causation and the meaning exist in the accumulation of a series, not always systematically related, of short-range perspectives.

5. What type of data should be used in assessing effectiveness (objective or perceived; i.e., subjective)? Answer: Perceived will be necessary, even desirable, in the most important cases. Why? (a) Most major managerially controllable determinants of effectiveness operate on productive behavior through perceptions and cognitions. These need to be assessed as leading indicators of subsequent changes in effectiveness. (b) Measurement of effectiveness, at anything other than the lowest, simplest operating level, requires the use of subjective, judgmentally-based data.

6. What referent should be used in pursuing and assessing effectiveness (absolute performance, performance against a goal, comparative assessment--relative to other individuals, units, organizations--or across time with a single unit)?

Answer: Goal achievement in conjunction with comparative assessment. This referent will enhance effectiveness as long as conditions of competition among units is sustained (Latham, Cummings, and Mitchell, 1981). The other alternatives are less desirable for the following reasons. Absolute performance of a unit tells us little concerning either the external (survival) or internal (efficiency) effectiveness of a unit. This is because absolute performance can be attained through mechanisms that deterioriate and consume opportunities for participants rather than generate them. Performance without comparison against some standard is meaningless as an index of effectiveness.

Performance against a goal as an index of effectiveness is meaningful only when goals can be clearly and reliably specified. The conditions necessary to achieve these criteria are sually present only in the case of trivial performances (Latham, Cummings, and Mitchell, 1981; and Goodman, in this volume). Comparisons across units or across time within a unit are the only remaining alternative. Of course, there are problems even here. These problems center on careful delineation of comparable units of analysis and appropriate aggregation

strategies. At least these problems are amenable to solution (Roberts, Hulin, and Rousseau, 1978).

A Perspective

One possible fruitful way to conceive of an organization and the processes that define it is as an instrument for effectiveness or an arena within which participants can engage in behavior they perceive as instrumental to their goals. From this perspective, an effective organization (or any other unit of analysis) is one in which the greatest percentage of participants perceive themselves as free to use the organization and its subsystems as instruments for their own ends.[3] It is also argued that the greater the degree of perceived organizational instrumentality by each participant, the more effective the organization. Thus, this definition of an effective organization is entirely psychological in perspective. It attempts to incorporate both the number of persons who see the organization as a key instrument in fulfilling their needs and, for each such person, the degree to which the organization is so perceived.

Within this framework, organizational efficiency and profitability, become necessary minimal conditions for organizational survival. Efficiency (equated with productivity), profitability, and effectiveness, are here distinguished as follows. Each construct can be applied at

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[3]This perspective is elaborated in L. L. Cummings, "Emergence of the Instrumental Organization" in P. S. Goodman and J. M. Pennings, (Eds.), New Perspectives on Organizational Effectiveness. San Francisco: Jossey Bass, 1977 and in L. L. Cummings, "Toward the Instrumental Organization," the 1980 National Beta Gamma Sigma Distinguished Lecture.

any level of analysis.

Efficiency	=	an economic index of the ratio of measured inputs to measured outputs.
Profitability	=	a particular case of efficiency where the economic index is assessed through return on x; where x can be any number of input constructs (e.g., assets, equity, sales, etc.).
Effectiveness	=	the aggregation of opportunities provided to the members of the unit (in the case of the individual level of analysis, it is the opportunities provided by the individual to others dependent upon that individual). Efficiency and profitability may or may not enhance effectiveness. Under competitive conditions, they are assumed to so contribute.

Efficiency and profitability are not, however, the goals of an effective organization. For an organization to be effective in this instrumental sense, a subsystem must be concerned with showing that performance meets the standards that external and internal constituencies (for example, resource suppliers and customers) monitor. This is necessary to provide the resources needed to make the organization instrumental for its participants. Also, an effective organization would develop a subsystem that buffers this legitimatizing subsystem from the environment in order to efficiently produce outputs that are desired by the environment. These outputs are the mechanisms through which resources are yielded to the organization so that it can become an instrument for fulfilling its participants' needs.

There are several implications of this perspective. To understand and to influence effectiveness within organizations (and of organizations), we need both perspectives, that of the core of participants

and that of the legitimatizing and buffer subsystems. However, the legitimatizing subsystem is a servant of and instrumental agent for the core. The agents engaged in legitimatizing behavior do, partially and perhaps secondly, buffer the technical core for efficiency, but (and more importantly) their primary mandate is to allow participants to pursue their own motivational/political agendas.

Two measurement implications arise when effectiveness is defined as the percentage of participants who perceive (and the degree to which they perceive) that the organization is instrumental to the attainment of their personal valued outcomes. Measurement would need to focus on participants' perceptions of their present organization as an instrument compared with other organizations (for example, from previous experience) and on participants' perceptions of present (actual) instrumentalities compared with ideal, desired instrumentalities.

This perspective changes the societal functions performed by organizations. Organizations are best assessed as instruments of outcomes; that is, the effective organization is the organization that best serves those who perceive it (relative to other avenues) as a means to their ends. The independent variables typically studied in organizational behavior (leader behavior, structure, task design, technology) will be assessed in terms of their impact upon the proportion of participants who see instrumentalities in the organization, upon the degree of instrumentality they perceive, and upon the number of organizational mechanisms or vehicles they perceive as instrumental to their valued ends. The relevant administrative decisions become: Do we design

tasks to maximize instrumental perceptions? Do we structure organizations to maximize instrumental perceptions? Do we select/train leaders to maximize instrumental perceptions? Do we design and implement operations systems to maximize instrumental perceptions?

This perspective suggests at least two areas worthy of our exploration. One concerns the determinants of inconsistencies in perceptions of instrumentalities, given agreed values and strategies for resolving conflicts. These determinants underlie the integration or the segmentation of organizations. They are crucial to our understanding of the cohesion of social units and social systems. The other concerns the determinants of differences in the perceptions of independent variables that are susceptible to administrative action and that cause participants to view their organizations instrumentally (Pierce, Cummings, and Dunham, 1981).

Increasingly, scholars from varying disciplines and orientations are depicting organizations as arenas within which actors play out their own agendas, or as performances without script or program. That is, organizations are seen as being enacted in process (Pfeffer, 1981). These perspectives imply that the criteria of effectiveness and its assessment are multidimensional, time-bound, and dynamic, subject to negotiation, and organizationally, or even unit, specific. One implication of these speculations is that it is increasingly likely to be profitable to use research designs of N = 1 (cf. Goodman, in this volume). Several variants of this design are likely. Two of the more prominent are reversal designs utilizing either natural or contrived reversals, and intensive, longitudinal case studies.

Several constructs, each implying issues and decisions for the manager of the future, seem to describe the emerging state of our knowledge of effective organizations as instruments. These are complexity and dimensionality; multiple time perspectives; multiple levels of analysis with the attendant aggregation questions; focus on content versus process; utilization of a comparative perspective in evaluating organizations; and, finally, the role of individuals in relation to the organization. The instrumentality perspective views actors within organizations as a <u>determinant</u> of managerial behavior, as agents exerting effects on organizations; also as actors who view themselves as a constituent, as agents who make claims on the organization.

Each of these issues implies decisions and choices. Choices on each of the above issues must be seen as necessary for successful management. The outcomes of the choices (for example, what dimensions to assess, what time perspectives to take, what level of analysis to use, etc.) impact the style and effectiveness of managerial decision and action. However, these are issues that are not appropriately settled once and forever. They need to be faced and decided at each stage of an organization's growth or shrinkage (Child and Kieser, 1981).

Conclusion

Nearly all definitions of effectiveness, whatever the perspective, involve the assumption that enhancing effectiveness, under competitive conditions, centers on increasing the ratio of outcomes to inputs (i.e., $\frac{\text{outcomes}}{\text{inputs}}$). Given this definition, strategies for increasing effectiveness may aim toward holding outcomes constant while reducing inputs and/or increasing outcomes while holding inputs constant. The perspective taken in this paper argues that the latter alternative is both preferred to and more feasible than the former.

There are two fundamental problems with attempts to increase effectiveness by attaining constant outcomes with declining inputs. These problems are particularly severe when the inputs of relevance are human resources. First, such strategies run counter to an economic-political ideology that dictates growth in outcomes as an indication of progress and development. The importance of growth in personal income and assets, in organizational size, profits and domain, and societal control over resources all reflect the pervasive influence of increasing outcomes as a basic ideology. Generally, efforts advocating no-growth or shrinkage as strategies for effectiveness enhancement have, at best, fallen on deaf ears or, more likely, drawn smiles of disbelief and cynicism. Second, even if constant outcomes were ideologically and politically feasible, reduction of human inputs to achieve

effectiveness gains is frequently translated into substantial underemployment and/or unemployment. Such byproducts of pursuing effectiveness are not generally politically feasible or societally healthy.

Far more likely and preferable are effectiveness improvements through increased outcomes with constant human inputs. In addition to avoiding the two maladies of the above strategy, this approach suggests specific actions that can be taken to enhance effectiveness through personal and organizational management (Latham, Cummings and Mitchell, 1981). In general, each of these strategies focuses on either increasing the fit between persons and jobs (Schmidt, Hunter, McKenzie and Muldrow, 1979) and/or increasing the focus and persistence of the motivation of individuals through the more intelligent design of reward systems, tasks, and organizational units.

Underlying these strategies are several fundamental ideas derivable from current organizational behavior findings and applications. If one wishes individuals, groups or organizations to be effective, whatever their roles (e.g., owners, managers, workers--skilled or unskilled), then what are the necessary conditions as indicated by this behavioral knowledge? The prescriptions will be drawn for the individual case. They can be generalized to other units at higher levels of aggregation.

1. Individuals must believe in the fairness of the "system" through which rewards are distributed. If "relative deprivation" is experienced, then any efforts to increase productivity are likely to fail (Martin, 1981).

2. Individuals must believe that the reward systems which they experience are equitable when outcomes are compared to inputs across individuals within social comparison groups (i.e., given no sense of relative deprivation across classes, then individuals must see individual comparisons as generating equity) (Goodman, 1977).

3. Individuals must perceive that performance will lead to (cause) rewards. That is, differential rewards must be seen as contingent upon differential performance. For effectiveness to be enhanced, managerial and personal actions must contribute positively to these contingency perceptions.

4. Given that individuals perceive positive contingencies, then these individuals must believe that either personal ability and/or motivation will be important causes of performance differences between individuals and that the personal

application of ability and motivation will not be constrained artificially by technology, organizational design, or managerial style.

5. Finally, individuals must believe that reward distributions can be accumulated over time. Systems of taxation and income and wealth distribution must be conductive to reward accumulation.

Managerial actions, reward systems, job designs, organizational arrangements and information systems that contribute to the above beliefs will enhance effectiveness. Those that disconfirm such beliefs will hinder efforts at enhancing effectiveness. Technological advancement and economic policy operate on effectiveness through these individual causes.

Restatements, in different language, of fundamental principles of organization and delegation (cf. Starbuck and Nystrom in this volume) and the phenomenological reconceptualization of organizations (cf. Weick and Daft in this volume) do not aid in the enhancement of effectiveness. They are neither new (as in the first case) nor particularly relevant to enhancing effectiveness (as in the second case).

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FIGURE 1

Perspectives on Effectiveness: A Comparison Matrix

LEVEL OF ANALYSIS		Rational	Nonrational
	Societal	Nord	
	Organizational	Starbuck and Nystrom	Weick and Daft
	Social	Seashore	
	Individual	Schneider	

Driving Force